

Body: Cabinet

Date: 29 May 2013

Subject: Discretionary Housing Payments Policy

Report Of: Ian Fitzpatrick (Senior Head of Community)

Ward(s) All

Purpose To adopt a revised Discretionary Housing Payments Policy

Decision Type: Key decision

Recommendation: That the revised Discretionary Housing Payments policy is adopted.

Contact: Bill McCafferty, Revenues & Benefits Manager, Telephone 01323 415171 or internally on extension 5171.
E-mail address: bill.mccafferty@eastbourne.gov.uk

1.0 Background/Introduction

- 1.1 Discretionary Housing Payments (DHP) were introduced in July 2001 to replace the legislation providing for Exceptional Hardship Payments in Housing Benefit (HB) and Council Tax Benefit (CTB). The Council adopted a DHP policy (Appendix 1) in 2001.
- 1.2 The government award the Council a sum of money each year to be used for DHPs. Any money unspent has to be returned to the government. The Council can, if it wishes, add to this sum. In past years the Council has decided not to add any additional funds as demand has been managed within the allocation.
- 1.3 Council Tax Benefit has been abolished and replaced with a local scheme of support and there are many changes to Housing Benefit, which will lead to a reduction in benefit for some people. These changes are likely to lead to a great demand on the DHP budget and a revised policy (Appendix 2) is necessary to take account of the current situation.

2.0 DHP Budget

- 2.1 The government has granted the Council £256,602 for 2013/14. This is an increase of c£115,000 on the 2011/12 grant of £141,231. However, the changes to benefit, especially the removal of the 'Spare Room subsidy' and the Benefit Cap, are likely to lead to an increased demand on the DHP budget. We estimate that the annual loss in income to benefit claimants affected by the Spare Room Subsidy and the Benefit Cap will be in the region of £400k and £170k respectively. Other changes, such as the Under 35 rule

and restrictions to Local Housing Allowance claims will mean a loss in benefit of over £300k.

2.2 These figures give a clear indication that there will be a high demand on the DHP budget over the coming year.

2.3 Whilst the government do not specify exactly the type of circumstances where an award should be made, they have indicated what the awards should be spent on. Taking the figures from how the government have stated the national DHP budget of £155m should be spent we can calculate that the Council's DHP budget should be spent in the following areas:

| | |
|---|----------|
| Those affected by the changes to the Local Housing Allowance. Eg under 35s | £97,508 |
| Those affected by the Spare Room subsidy (specifically those Foster Carers* and those severely disabled people living in significantly adapted accommodation) | £51,322 |
| Those affected by the Benefits Cap | £107,772 |

*Since the government announced the amount of DHP funding they have changed the rules so that Foster Carers are exempt from the Spare Room subsidy and it may be that the government reclaim some of the grant we have been awarded.

2.4 In 2012/13 there were 849 applications for a DHP. 547 awards were made totalling £142,319.

2.5 So far this year, from 1 to 30 April 2013, we have received 136 applications for a DHP and made awards in 100 cases. We have committed £37,798.02, which represents 15% of the annual budget.

3.0 Revised Policy

3.1 The main changes to the existing policy are:

1. To remove awards to cover a shortfall in Council Tax Benefit as this benefit has been abolished;
2. To identify those type of circumstances that we will prioritise when making an award;
3. To give more detail on the circumstances in which awards may be made;
4. To make it more explicit that awards of DHP may be tapered and are for fixed periods;
5. To make it more explicit that once the budget has been reached no further awards will be made irrespective of the circumstances of the claimant.

3.2 As Council Tax Benefit has been abolished we are no longer able to use DHPs to help someone pay their Council Tax.

3.3 The cases considered as a priority will be those that are affected by the recent changes to benefit, specifically those affected by the Spare Room Subsidy removal and the Benefit Cap, allowing time for households to adjust to their new entitlement where appropriate.

4.0 Consultation

4.1 Consultation on the revised policy has taken place with the voluntary sector. The only comments we received were around the time limits on making decision. We have put a one month time limit in the policy, but in reality will make every effort to reach a decision within a week. Decision times will be monitored at six monthly intervals.

5.0 Equalities

5.1 An Equality and Fairness analysis is available as a background paper.

The salient points from the analysis are:

- At this point, as many changes will only come in to force for the first time this year, there is limited data on which to base any findings.
- There appears to be fewer people of pension age claiming a DHP than one would expect based upon the percentage of pension age claimants in the total benefits caseload.

In future we will encourage DHP applicants to supply equalities data and will be engaging with the voluntary sector on how we can raise awareness of DHPs with our older claimants. Take up of DHP will be reviewed at six monthly intervals.

6.0 Resource Implications

6.1 Financial

There are no financial implications as the DHP budget is covered by a government grant. There is likely to be a high demand and the scheme will be monitored in year and reported back to Cabinet as part of the budget monitoring report process.

5.2 Staffing

Due to an expected increase in DHP application an additional resource has been allocated to this area of work. There are no additional costs associated with this.

6.0 Other Implications - Environmental, Human Rights, Community Safety, Youth, Anti-poverty.

6.1 Anti-Poverty

An effective DHP policy can help alleviate poverty and homelessness. Officers will be working to ensure that applicants are given appropriate advice on how to manage their finances and adjust to any change in benefit

entitlement.

7.0 Conclusion

- 7.1 Changes to Welfare will lead to more people applying for a Discretionary Housing Payment to help them pay their rent. A revised DHP policy is needed to reflect the changes and ensure a consistent approach to making an award. The reasons for the revised policy being proposed are set out in the report.

lead officer name: Bill McCafferty
job title: Revenues and Benefits Manager

Background Papers:

The Background Papers used in compiling this report were as follows:

Appendix 1 - Discretionary Housing Payments Policy 2001
Appendix 2 – Discretionary Housing Payments Policy 2013
Equality and fairness analysis

To inspect or obtain copies of background papers please refer to the contact officer listed above.